

**REVISED**  
**Commission Meeting Agenda**  
**Commission Meetings are Open to the Public**  
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**Location of Meeting:**

**The Heathman Lodge**  
7801 NE Greenwood Dr  
Vancouver, WA 98662  
(360) 254-3100

**Date and Time of Meeting:**

Thursday, April 13, 2006  
1:30 p.m.

**Informal Study Group Sessions:**

10:00 a.m. – 11:00 a.m.	Charitable Nonprofit Study Session
11:00 a.m. – Noon	Commercial Operators Study Session

**Public Meeting:**

Please note agenda items after 1:30 p.m. may be taken out of sequence at the discretion of the Chair.

**1. Agenda Review / Director's Report:**

**Rule Up for Final Action**

- 2. \*Petition for Rule Change –Harmon Consulting, Inc.**      **Amy Hunter, Administrator**  
*Filed on 08/24/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-17-204. Filed 10/26/05 as a Proposed Rule Making (CR-102) under WSR # 05-22-028 with a published date of 11/16/05.*
- a) New Section WAC 230-02-101**  
Cash defined.  
*Alternative C: New on the April, 2006, Commission Meeting Agenda.*

**Please turn telephones and pagers off during meeting sessions**

## **Rules Up for Discussion and Possible Filing**

3.     **\*Petition for Rule Change – Cory Thompson**                     **Amy Hunter, Administrator**  
          **On-Duty Card Room Employees Playing in Player-Supported Jackpots.**  
          *Filed on 03-09-06 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #06-07-050.*
  - a)   **Amendatory Section WAC 230-40-610**  
          Player-supported jackpots – Restrictions – Manner of conducting – Approval.
  
4.     **\*Petition for Rule Change – GameTech International, Inc.** **Amy Hunter,**  
          **Administrator**  
          **Electronic Bingo Card Daubers Billings Based on Cards Sold.**  
          *Filed on 02-13-06 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #06-05-054.*
  - a)   **Amendatory Section WAC 230-12-340**  
          Sale of gambling equipment, devices, supplies, paraphernalia, and related supplies –  
          Authorized transactions.
  - b)   **Amendatory Section WAC 230-20-244**  
          Electronic bingo card daubers – Definition – Operation restrictions – Standards.
  
5.     **\*Allowing Credit between Operators and Manufacturers/Distributors**   **Amy Hunter**  
          *Filed on 01-11-06 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #06-03-055.*
  - a)   **Repealed Section WAC 230-12-340**  
          Sale of gambling equipment, devices, supplies, paraphernalia, and related supplies –  
          Authorized transactions.
  - b)   **Repealed Section WAC 230-12-350**  
          Use of checks and credit cards to purchase gambling equipment, products, and services –  
          Restrictions.
  
6.     **New Licenses and Tribal Certifications:**

**Please turn telephones and pagers off during meeting sessions**

- Executive Session to Discuss Pending Investigations, Tribal Negotiations & Litigation;  
and Adjournment**

Upon advance request, the Commission will pursue reasonable accommodations to enable persons with disabilities to attend Commission meetings. Questions or comments pertaining to the agenda and requests for special accommodations should be directed to Shirley Corbett, Executive Assistant at (360) 486-3447 or TDD (360) 486-3637. Questions or comments pertaining to rule changes should be directed to Susan Arland, Rules Coordinator and Public Information Officer at (360) 486-3466.

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**Location of Meeting:**

The Heathman Lodge  
7801 NE Greenwood Drive  
Vancouver, WA 98662  
(360) 254-3100

**Date and Time of Meeting:**

Friday, April 14, 2006  
9:30 a.m.

**10. Director's Report:**

**Administrative Issues:**

- a) Calendar Year 2005 Adjusted Cash Flow Update
- b) 2006 Legislative Activity Report
- c) Correspondence
  - Governor Gregoire's Letter to Senator McCain – Indian Gaming Regulatory Act
  - Board of Clark County Commissioners – Cowlitz Tribe “Restored” Lands
  - Fiscal Year 2005 State Audit Report
  - Staff Response – Tribal Impact Contributions for Road Improvements/Tribal PD's
  - Summary of Emphasis Patrols
- d) Presentation:
  - Multiple House-Banked Card Room Ownership Update (*Postponed to June*)
- e) **Monthly Update Reports:**
  - Administrative Case Update
  - Seizure Update
  - Congressional Update
- f) News Articles

**Comments from the Public**

**Rules Up for Discussion**

**11. \*Gift Cards and Gift Certificates**

**Amy Hunter, Administrator**

*Filed on 02/01/06 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #06-04-091. Filed 03-17-06 as a Proposed Rule Making (CR-102) under WSR #06-07-115 with a published date 04-25-06.*

- a) **Staff's Alternative to Item 2 (Thursday's agenda), Petition from Harmon Consulting, Inc. Amendatory Section WAC 230-12-050**  
Extension of credit, loans, or gifts prohibited - Limited exception.

**Please turn telephones and pagers off during meeting sessions**

**12. \*License Fees for Military Personnel**

**Rick Day, Director**

*Filed on 01/11/06 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #06-03-054.*

**a) Amendatory Section WAC 230-04-204**

Fees – Individuals.

**b) Companion Rules Simplification Project Rule**

**Amendatory Section WAC 230-05-035**

Individual license fees.

*This Companion Rule won't become effective until 01-01-08.*

**13. \*Rules Simplification Project**

**Beth Heston, Project Manager**

*Filed on 06/07/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-13-042. Filed 03-22-06 as a Proposed Rule Making (CR-102) under WSR #06-07-156 with a published date 04-25-06.*

**a) Chapter 230-06 – Rules for all Licensees.**

*Chapter 230-06 won't become effective until 01-01-08.*

**14. \*Gambling Devices at Trade Shows**

**Rick Day, Director**

*Filed on 09/20/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-19-129. Filed 03-17-06 as a Proposed Rule Making (CR-102) under WSR #06-07-112 with a published date 04-25-06.*

**a) New Section WAC 230-12-337**

Manufacturers and distributors transporting and displaying gambling devices – Trade shows and conventions.

**15. Other Business/General Discussion/Comments from the Public/Adjournment**

**\* Attachment to Agenda Packet**

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## Susan Arland

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**From:** rnontyharnnon@juno.com  
**Sent:** Monday, August 15, 2005 3:00 AM  
**To:** Susan Arland  
**Subject:** Rules team items  
**Attachments:** Petition for New Section defining cash 230-02-xxx.doc; WAC 230 30 070 amended.doc; WAC 230-30-070 Petition for Adoption rule changeOFM 01.doc; Definition of Cash and Cash Equivalents Petition for Adoption rule changeOFM 01.doc

Dear Susan,

Welcome back, hope you enjoyed the day off on Friday.

I humbly request that the attached rule petitions be added to the rules team agenda if possible. The issue at hand is the January 1 effective date and a desire to have these discussed by the rules team so that they might be discussed for possible filing at the September commission meeting.

One is for a definition of cash to include debit cards. this is related to the issue the gaming lab is having with defining cash paid in prizes to include an increase to a players card as I am lead to believe is currently in use at the Buzz Inn in Everett.

The second rule has to do with eliminating the need to regulate marking off the flare. With less agents in the field and Washington being one of the only states that requires this, I was hoping the time was right to eliminate this requirement and eliminate the waste of unused pull tabs due to players not playing a series where several prizes have been removed from the flare.

Please give me a call if necessary and thanks for anything that can be done to see if these rules could to to the commission in September. I will be in Pasco if that helps.

All the best, monty 360-888-8861

8/15/2005



**PETITION FOR ADOPTION, AMENDMENT, OR REPEAL  
OF A STATE ADMINISTRATIVE RULE (RCW 34.05.330)**

The Office of Financial Management (OFM) has adopted this form for members of the public who wish to petition a state agency to adopt, amend, or repeal an administrative rule (regulation). Full consideration will be given to a petitioner's request.

To obtain this form in an alternate format, call OFM at (360) 902-0555 or TTY (360) 664-9437.

Please complete the following:

PETITIONER'S NAME (PLEASE PRINT)

Harmon Consulting Inc.

TELEPHONE NUMBER (INCLUDE AREA CODE)

(360) 888-8861

STREET ADDRESS

PO BOX NUMBER

CITY

STATE

ZIP CODE

1732 Camden PI SW

Olympia

WA

98512

AGENCY RESPONSIBLE FOR ADMINISTERING THE RULE. IF KNOWN

Washington State Gambling Commission

If unknown, call (360) 753-7470 for mailing information

Please submit completed and signed form to the **"Rules Coordinator"** at the appropriate state agency. The agency will contact you within 60 days.

Check all that apply below and explain on the back of this form with examples. Whenever possible, attach suggested language. You may attach other pages, if needed.

☒ **1. NEW: I am requesting that a new WAC be developed**

**I believe a new rule should be developed.**

☒ The subject of this rule is: Definition of Cash.

☒ The rule will affect the following people: Gambling Commission staff, licensees, and players.

☒ The need for the rule is: Related to modernizing the industry to take advantage of current security features of debit cards and other forms of prepaid cashless systems and guest cards

☐ **2. AMEND: I am requesting a change to existing WAC \_\_\_\_\_**

☐ **3. REPEAL: I am requesting existing WAC \_\_\_\_\_ be removed.**

**I believe this rule should be changed or repealed because (check one or more):**

☐ It does not do what it was intended to do.

☐ It imposes unreasonable costs.

☐ It is applied differently to public and private parties.

☐ It is not clear.

☐ It is no longer needed.

☐ It is not authorized. The agency has no authority to make this rule.

☐ It conflicts with another federal, state, or local law or rule. Please list number of the conflicting law or rule, if known

☐ It duplicates another federal, state, or local law or rule. Please list number of the duplicate law or rule, if known

☐ Other (please explain):

PETITIONER'S SIGNATURE

DATE

**New Section: WAC 230-02-xxx**

**Cash Defined.** "Cash" is any currency, check, or debit card transaction valued in terms of the US dollar. For purposes of these rules, Canadian currency shall be converted in accordance with the published exchange rates for financial reporting purposes but may be recorded in terms of Canadian or US dollars as long as the records clearly identify the currency used.

In addition, licensees with accounting systems approved by the Gambling Commission may use transactions on "guest cards" and other "cashless" systems as cash transactions for purposes of conducting their business and gambling operations. The systems can not be used for credit transactions and would operate in the same manner as a debit card. Customer purchases would reduce their account balance and their winnings could be added to their balance. Licensees using a "guest card" or "cashless" system must maintain the system so that customer balances could never go below a zero balance even for non gambling purchases or transactions.





**PETITION FOR ADOPTION, AMENDMENT, OR REPEAL  
OF A STATE ADMINISTRATIVE RULE (RCW 34.05.330)**

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Check all that apply below and explain on the back of this form with examples. Whenever possible, attach suggested language. You may attach other pages, if needed.

☐ **1. NEW: I am requesting that a new WAC be developed**

**I believe a new rule should be developed.**

- ☐ The subject of this rule is:
- ☐ The rule will affect the following people:
- ☐ The need for the rule is:

☒ **2. AMEND: I am requesting a change to existing WAC 230-30-070**\_\_\_\_\_.

☐ **3. REPEAL: I am requesting existing WAC**\_\_\_\_\_ **be removed.**

**I believe this rule should be changed or repealed because (check one or more):**

- ☐ It does not do what it was intended to do.
- ☐ It imposes unreasonable costs.
- ☐ It is applied differently to public and private parties.
- ☐ It is not clear.
- ☐ It is no longer needed.
- ☐ It is not authorized. The agency has no authority to make this rule.
- ☐ It conflicts with another federal, state, or local law or rule. Please list number of the conflicting law or rule, if known
- ☐ It duplicates another federal, state, or local law or rule. Please list number of the duplicate law or rule, if known

☒ **Other (please explain):** Washington State is one of a few if not the only state that requires operators to remove references to prizes on the flares of punchboard and pull tab series when won. This requirement has lead to waste of domestic resources because two-thirds or more of the tickets in series played are discarded without being used. The unused tabs cause storage, disposal, and are considered a fire hazard. If the flares were not marked off, players would play the series more completely reducing the number of tickets not used and the volume of paper being discarded from the operation of pull tabs in Washington state. State regulators could stop monitoring the accuracy of flares and the public threat of being deceived would be reduced because a flare was not properly marked off.

PETITIONER'S SIGNATURE

DATE

**WAC 230-30-070 Control of prizes – Restrictions -- Bonus prizes -- Displaying -- Procedures for awarding.** Punch board and pull-tab prizes shall be closely controlled to ensure players are not defrauded.

(1) All prizes from the operation of punch boards and pull-tabs shall be awarded in cash or in merchandise.

No licensee shall offer to pay cash in lieu of merchandise prizes which may be won.

(2) Additional chances on a punch board or pull-tab game may not be awarded as a prize. Provided, That prizes may involve the opportunity to advance and win a larger prize on the same punch board or pull-tab game as set forth in subsection (4) of this section.

(3) A bonus prize is a prize offered in a bonus pull-tab game, defined in WAC ~~230-30-040~~(1). A step-up prize is a prize offered on a punch board. The awarding of these prizes involves an immediate, additional opportunity to advance to a section of the game to determine the prize.

(4) On games where players advance, the bonus or step-up prizes may not be less than the highest prize available, which might otherwise have been won by the punch or pull-tab for which the opportunity was awarded. Each punch board or pull-tab game offering bonus or step-up prizes must clearly indicate on its flare the terms and conditions under which the bonus or step-up prize may be won, including the amount of the bonus or step-up prize.

(5) The licensee shall display prizes so that a customer can easily determine which prizes ~~were available for any particular punch board or pull-tab series or device operated or located upon the premises.~~ In addition, the following requirements apply.

Deleted: are

Deleted: from

(a) Merchandise prizes shall be displayed when a series is placed into play as follows:

(i) In the immediate vicinity of the punch board or pull-tab series and in plain view: Provided, That games that offer merchandise prizes that are "surprises" may be wrapped in some way so players are unable to identify what the prize is until opened;

(ii) If size or space constraints do not allow the prize to be displayed as provided in (a)(i) of this subsection, the merchandise prize may be displayed elsewhere on the premises provided that a specific reference to that actual prize is noted on the flare; or

(iii) If the merchandise prize cannot be displayed on the premises, an accurate description and/or photograph of the prize must be displayed in plain view on or immediately adjacent to the flare.

(b) Cash prizes available when the series is placed into play shall be clearly represented on the prize flare;

(c) Combination cash and merchandise prizes must meet the requirements of both (a) and (b) of this subsection;

(6) Upon determination of a winner of a merchandise prize, the licensee shall immediately ~~verify the validity of the winning ticket, record any winner information required, and~~ present the prize to the winner upon demand;

(7) **Record of winners.** When any person wins a cash prize of over twenty dollars or wins a merchandise prize with a retail value of more than twenty dollars from the play of any punch board or pull-tab series, the licensee or licensee's representative shall make a record of the win. The record of the win shall be made in the following manner:

(a) The winners shall be required to print their name and date of birth, in ink, upon the side of the winning punch or tab opposite the winning symbol(s);

(b) The licensee or their representative shall then verify the winner's identity and record the date and initial the winning punch or tab; and

(c) If the pull-tab or punch is constructed or printed in such a manner as to preclude recording the information required in (a) and (b) of this subsection in a legible manner, the licensee may record the required information on a sheet of paper not less than three inches by five inches and staple the winning tab or punch thereto.

(8) Defacing winning punches or tabs. The licensee shall, within twenty-four hours after a winning pull-tab or punch worth more than twenty dollars has been presented for payment, mark or perforate the winning symbols in such a manner that the pull-tab or punch cannot be presented again for payment.

(9) **Spindle, banded, or "jar" type pull-tabs** played in a manner which awards merchandise prizes only. Pull-tab series which award only merchandise prizes valued at no more than twenty dollars, are hereby permitted to employ schemes whereby certain predesignated pull-tabs are free or the player is otherwise reimbursed the actual cost of said pull-tabs. Flares for spindle-type pull-tabs operated in this manner shall designate the total number of pull-tabs in the series and the total number of pull-tabs designated as free or reimbursable. Free or reimbursable pull-tabs in these types of pull-tab series shall not constitute a prize or prizes nor shall moneys collected and later reimbursed constitute revenue for the purposes of determining gross gambling receipts.

**Deleted:** The following procedures apply to the removal of prizes from the game flare and the presentation of prizes to winning players:

(a)

**Deleted:** remove that prize from the flare and

**Deleted:** (b) Upon determination of a winner of any cash prize over twenty dollars, or of any merchandise prize with a retail value over twenty dollars, the licensee shall permanently and

conspicuously delete all references to that prize from any flare, punch board, or pull-tab dispensing device upon which such reference may appear, and from any other list, sign, or notice which may be posted, in such a manner that all future customers will know the prize is no longer available. On step-up punch

boards and bonus pull-tab games, once all opportunities in a section of the flare have been won, all references to prizes no longer available to be won must be

deleted on the flare. Operators may correct an inadvertently deleted prize by noting on the flare that such prize is still available. Such reference shall be permanently and conspicuously deleted when the prize is actually awarded.

Failure to permanently and conspicuously delete a prize from the flare may result in the director initiating actions to revoke a license for violation of RCW 9A66.190 (defrauding a participant). The prize shall be paid or delivered to the winner only after all reference to such prize has been deleted from the flare.

(7) Payment of prizes. The licensee must pay or award to the customer or player playing the punch board or pull-tab series all such prizes that are required to be but have not been deleted from the flare when the punch board or pull-tab series is completely played out.

**Deleted: 8**

**Deleted: 9**

**Deleted: 10**



## Rule Up For Final Action

### New Section

**WAC 230-02-101** Cash defined.

**Alternative C:**

**WAC 230-02-101** Cash defined.

ITEM 6(a) on the April, 14, 2006, Commission Meeting Agenda.		Statutory Authority 9.46.070
<b>Who proposed the rule change?</b>		
Monty Harmon, a licensed gambling service supplier.		
<b>Why is this rule change proposed?</b>		
<p>A Petition for Rule Change submitted by Harmon Consulting Inc., was filed at the October 2005, meeting. The Petitioner is requesting that cash be defined in our rules. This new definition of cash would expand the methods players could use to participate in gambling activities and/or receive their winnings.</p> <p>The petitioner has indicated to staff that the intent of the change is to allow patrons to use “guest cards” to purchase pull-tabs and allow pull-tab winnings to be added to “guest cards.” However, if this proposal is approved it would apply to all gambling activities. The petitioner states in his petition the change would modernize the industry and take advantage of current security benefits of prepaid cashless systems.</p> <p>Cash is not specifically defined in our rules; however, cash equivalent is defined in WAC 230-40-552 as follows: “a treasury check, personal check, traveler's check, wire transfer of funds, money order, certified check, cashier's check, a check drawn on the licensee's account payable to the patron or to the licensee, or a voucher recording cash drawn against a credit card or debit card.” This rule became effective May 2000 and provided for additional methods of payment to participate in card games, other than cash or personal check. Although the cash equivalent definition only applies to card games, it has been informally used by staff to clarify the definition of cash as it relates to other gambling activities.</p> <p>The petitioner’s intent is for the “guest card” to be purchased and used by patrons at a licensed business. The “guest card” could be used to purchase food, beverages, pull-tabs, and/or participate in other gambling activities. A patron may add additional funds to the “guest card.” Most importantly, licensees may add a player’s winnings to the “guest card” rather than paying with cash or a check. The “guest card” would be redeemable for cash at anytime. There would be an accounting system associated with this activity to ensure the accuracy of the customer’s “guest card” balance. The system would also provide a “guest card” fund balance to patrons.</p> <p><b>January 2006, Commission Meeting:</b> At the request of the Petitioner, this rule was held over from the January Commission meeting for Final Action at the February Commission meeting.</p> <p><b>February 2006, Commission Meeting:</b> Staff’s Alternative to allow gift card and gift certificates was filed at the February meeting (WAC 230-12-050). (See ITEM 8 in the agenda packet). This alternative will be up for final action at the June 16, 2006, Commission meeting.</p> <p><b>March 2006, Commission Meeting:</b> The Petitioner handed out Alternative C of WAC 230-02-101, copies of gift card receipts from Buzz Inn, and a copy of three businesses’ gift cards (blue paper).</p>		
<b>Statements against the proposed rule change.</b>		
None at this time.		
<b>Which licensees will be directly impacted?</b>		
All licensees.		

### **What are the potential impacts to the agency?**

Staff opposes the Petition for the following reasons:

- 1) This new rule would require the Commission to approve accounting systems, but does not set forth standards for the system.
- 2) The Commission does not currently approve accounting systems. If we begin approving accounting systems, additional regulatory oversight would be required.
- 3) The term “cash” is used in 61 Commission rules and there is no ambiguity on what this term means in these rules, as such there is no need to define the term “cash.”
- 4) The Petition does not contain a dollar limit on gift cards, which could facilitate money laundering (see attached news article on yellow paper).
- 5) Players are more likely to spend additional money gambling at a licensee’s business when a gift card is issued, compared to if cash was given as a prize.
- 6) The term “other cashless systems” is referred to in the Petitioner’s rule. This term contemplates something other than gift cards, but it is not defined or otherwise explained by the Petitioner.
- 7) It would apply to all gambling activities, not just pull-tabs, and would allow winnings to be credited to “guest cards.”
- 8) It is unclear how use of gift cards, if approved, would relate to pull-tab dispensing devices or other similar devices.

#### **Attachments:**

News article regarding money laundering and pre-paid cards.

Attachment A: Memo dated March 30, 2006, from Roshawna Fudge, Policy & Interpretations Staff Attorney

Attachment B: October 2005, Commission meeting minutes.

### **Staff recommendation.**

Staff continues to oppose the petition and recommends the Commission deny the Petition in favor of staff’s alternative (See ITEM 8) which is up for final action at the June 2006, Commission meeting. Staff’s alternative only allows gift cards to be used to participate in gambling activities and does not impact the meaning of “cash” in the Commission’s 61 rules that use the term “cash.”

**NEW SECTION:****Original Version****WAC 230-02-101 Cash Defined.**

“Cash” is any currency, check, or debit card transaction valued in terms of the US dollar. For purposes of these rules, Canadian currency shall be converted in accordance with the published exchange rates for financial reporting purposes but may be recorded in terms of Canadian or US dollars as long as the records clearly identify the currency used.

In addition, licensees with accounting systems approved by the Gambling Commission may use transactions on “guest cards” and other “cashless” systems as cash transactions for purposes of conducting their business and gambling operations. The systems can not be used for credit transactions and would operate in the same manner as a debit card. Customer purchases would reduce their account balance and their winnings could be added to their balance. Licensees using a “guest card” or “cashless” system must maintain the system so that customer balances could never go below a zero balance even for non gambling purchases or transactions.

**Cash Defined.** “Cash” is any currency, check, or debit card transaction valued in terms of the US dollar. For purposes of these rules, Canadian currency shall be converted in accordance with the published exchange rates for financial reporting purposes but may be recorded in terms of Canadian or US dollars as long as the records clearly identify the currency used.

Licensees with accounting systems approved by the Gambling Commission may use transactions on “guest cards” and other “cashless” systems. The transactions will be considered cash transactions for purposes of conducting their business and gambling operations. These “cashless” systems may not be used for credit transactions. Customer balances on the “cashless” system must be reduced at the time of any purchase. In addition, cash prizes from gambling activities may be added to their card balance when won.

Licensees using a “guest card” or “cashless” system in conjunction with their gambling activity must allow customer’s to obtain cash or check payment on their account balance when requested and customer balances shall never be allowed to go below zero.



# Rule Up For Discussion

Proposed Amendments to

## WAC 230-12-050

Extension of credit, loans, or gifts prohibited -- Limited exception.

ITEM 7 (a) on the April 14, 2006, Commission Meeting Agenda.	Statutory Authority 9.46.070
Who proposed the rule change?	
Staff.	
Proposed Change	
The proposed amendment is staff's alternative to Item 6, which is a Petition for Rule Change from Harmon Consulting, Inc.. Staff's alternative would allow gift certificates and gift cards as authorized forms of payment to participate in gambling activities.	
History of Rule	
<p>This rule was originally adopted in 1973 to restrict the use of credit, loans or gifts to participate in gambling activities. The original rule listed cash and checks as the only means to participate in gambling activities. In December 1996, electronic point-of-sale bank transfers (debit cards) were authorized as a payment method to participate in gambling activities.</p> <p>A Petition for Rule Change submitted by Harmon Consulting Inc., was filed at the October 2005 meeting and is up for final action at the April 14, 2006, meeting (ITEM 7). The Petitioner's request would expand the methods players could use to participate in gambling activities and receive their winnings. Staff does not support Mr. Harmon's petition.</p> <p>The Commission filed staff's alternative to allow gift card and gift certificates to be used as payment to participate in gambling activities at their February 2006 meeting. Gift cards are prepaid and are treated the same as cash. Staff has no regulatory concerns allowing gift certificates or gift cards to be used as payment to participate in gambling activities; however, gambling winnings would not be allowed to be added to gift certificates/cards.</p>	
Impact of the Proposed Change	
Licensees would be able to accept gift cards and gift certificates from patrons to participate in gambling activities. However, gambling winnings could not be credited to gift cards/certificates.	
Regulatory Concerns	
Gift cards are prepaid and are treated the same as cash. Staff has no regulatory concerns allowing gift certificates or gift cards to be used as payment to participate in gambling activities.	
Resource Impacts	
None.	
Policy Consideration	
None.	
Stakeholder Statements Supporting the Proposed Rule Change	
None.	
Stakeholder Statements Opposing the Proposed Rule Change	
None.	
Licensees Directly Impacted By the Change	
All licensees.	
Staff Recommendation	
Further discussion.	
Proposed Effective Date for Rule Change	
July 17, 2006, assuming the rule is adopted at the June 16, 2006, meeting to become effective thirty one days from filing.	





## **AMENDATORY SECTION:**

### **WAC 230-12-050 Extension of credit, loans, or gifts prohibited -- Limited exception.**

No licensee, member or employee thereof shall extend credit, make a loan, or grant a gift to any person playing in an authorized gambling activity, or which enables a person to play in an authorized gambling activity.

#### **Gifts prohibited -- Exceptions.**

(1) Gifts are items licensees give away to its customers and are not connected to gambling activities regulated by the commission. Licensees shall not offer gifts in conjunction with gambling activities, with the following exceptions:

- (a) Promotions are allowed as authorized by WAC 230-12-045;
- (b) Transportation services provided to and from gambling activities;
- (c) Free or discounted food, drink or merchandise may be provided under the following conditions:
  - (i) The actual cost of any individual item may not exceed five hundred dollars;
  - (ii) The merchandise shall not be traded back to the licensee for cash or be used to further participate in an authorized gambling activity;
- (d) For each individual gift with an actual cost over one hundred dollars, charitable and nonprofit organizations shall prepare and maintain a written record with the following information:
  - (i) How the recipients of the gifts were selected;
  - (ii) The number of gifts awarded; and
  - (iii) The total cost of each gift given.

#### **Credit and loans prohibited -- Exceptions.**

(2) The consideration required to participate in the gambling activity shall be collected in full, by cash, check, ((or)) electronic point-of-sale bank transfer, gift certificate, or gift card, prior to participation, with the following exceptions:

#### **Punch boards/pull-tabs.**

(a) The consideration paid for the opportunity to play a punch board or pull-tab series may be collected immediately after the play is completed only when such consideration is ten dollars or less;

#### **Charitable/nonprofit organization's billing system for members.**

(b) When a bona fide charitable or bona fide nonprofit organization conducting any of the activities authorized by chapter 9.46, RCW or commission rules has a regular billing system for all of the activities of its members with such organization, such billing system may be utilized in connection with the playing of any of the activities authorized hereunder if:

- (i) The playing of such activity is limited to regular members of such organization who have become regular members prior to the commencement of such activity and whose qualifications for membership were not dependent upon, or in any way related to, the playing of such activity; and
- (ii) The director has given prior written consent to the use of such billing system in connection with the conduct of activities authorized under these rules.

#### **Raffle tickets purchased with credit cards.**

(c) Charitable or nonprofit organizations utilizing credit cards, issued by a state and/or federally regulated financial institution, for payment to participate in raffles.



# Rules Up For Discussion

Proposed Amendments to

**WAC 230-04-204** Fees – Individuals.

**Companion Rules Simplification Project Rule**

**WAC 230-05-035** Individual license fees.

*This Companion Rule won't become effective until 01-01-08.*

ITEM 8 (a) on the April 14, 2006, Commission Meeting Agenda. Statutory Authority 9.46.070
Who proposed the rule change?
Staff.
Proposed Change
<p>Proposed change to the rule would allow deployed armed service personnel to renew their individual licenses at the regular annual renewal rate for up to six months after returning from deployment without additional costs. The licensee will simply renew their license and provide proof of return from active military service within the previous 6 months. The proposed change would require the licensee to reapply for a license and pay a renewal fee.</p>
History of Rule
<p>With the beginning of the Iraq War, individual licensees were deployed with the military or the reserves. If their license expires during military service, these individuals must reapply as new applicants because licenses are issued for one year. They must pay new application fees of \$237 compared to a renewal fee of \$146. In addition, they would pay a \$58 fee if they were out of state. Individual licensees, certifications, and applicants receive no consideration for the circumstance of sudden unexpected deployment and their inability to know when they will return from deployment. When they do return and are discharged or demobilized, they face the expense and paperwork of reapplying for their license.</p>
Impact of the Proposed Change
<p>There will be no major changes or impacts to the agency. The change in this rule will simplify the process for licensees by allowing the renewal of the license.</p> <p>There have been many phone calls to staff and input from tribal gaming agencies about individual licensees who've been deployed and are uncertain what to do about their licenses, applications or certifications.</p>
Regulatory Concerns
<p>There are no regulatory concerns involving changing the rule.</p> <p>Staff contacted the Department of Licensing and found that there are provisions in drivers licensing laws that allow military personnel to legally drive on expired licenses if they pay an additional \$10.00 fee and submit a copy of active military ID.</p> <p>Additionally, the Department of Licensing Professional Licensing Division has provisions in RCW 43.24.130 which allow the licensee to renew their professional license up to six months after being honorably discharged and which waive requirements for continuing education.</p>

Resource Impacts
Licensing will continue to review and evaluate each application for compliance with Washington State gambling laws and rules. Staff estimates that approximately 30 new individual applications per month are from military-deployed licensees.
Policy Consideration
There will be value to adopting this rule by showing our military and service personnel that our agency appreciates their service to our country without the penalties that are required when a license lapses.
Stakeholder Statements Supporting the Proposed Rule Change
None.
Stakeholder Statements Opposing the Proposed Rule Change
None.
Licensees Directly Impacted By the Change
Approximately 300 per year.
Staff Recommendation
Further discussion.
Proposed Effective Date for Rule Change
<b>WAC 230-04-204:</b> July 17, 2006, assuming the rule is adopted at the June 16, 2006, meeting to become effective thirty one days from filing.
<b>WAC 230-05-035:</b> January 1, 2008.

**Amendatory Section:**

**WAC 230-04-204 Fees -- Individuals.** Individuals shall submit the following fees to the commission when applying for gambling licenses, permits, miscellaneous changes, or when assessed the cost of special investigation procedures by the commission:

<b>LICENSE TYPE</b>	<b>DEFINITION</b>	<b>FEE</b>
<b>1. CHARITABLE OR NONPROFIT GAMBLING MANAGER</b>	Original	\$ 171
	Renewal	\$ 82
	Change of Employer	\$ 82
<b>2. LINKED BINGO PRIZE PROVIDER REPRESENTATIVE</b>	Original	\$ 239
	Renewal	\$ 146
<b>3. COMMERCIAL GAMBLING MANAGER</b>	Original	\$ 175
	Renewal	\$ 84
	Change of Employer	\$ 84
<b>4. DISTRIBUTOR'S OR GAMBLING SERVICES SUPPLIER REPRESENTATIVE</b>	Original	\$ 239
	Renewal	\$ 146
<b>5. MANUFACTURER'S REPRESENTATIVE</b>	Original	\$ 239
	Renewal	\$ 146
<b>6. PUBLIC CARD ROOM EMPLOYEE</b>		
<b>CLASS A - Performs duties as defined in WAC 230-02-415 in a class E card room.</b>		
	Original	\$ 175
	Renewal	\$ 84
<b>CLASS B - Performs duties as defined in WAC 230-02-415 in enhanced and house-banked card rooms.</b>		
	Original, in-state	\$ 237
	Original, out-of-state	\$ 295

	Renewal	\$ 146
	Transfer/Additional	
	Employee/Conversion/	
	Emergency Waiver Request	\$ 57
<hr/>		
7.	<b>OTHER FEES</b>	
	CHANGE OF NAME (See WAC 230-04-310)	\$ 26
	DUPLICATE LICENSE (See WAC 230-04-290)	\$ 26
	OUT-OF-STATE RECORDS INQUIRY (See WAC 230-04-240)	As required
8.	<u>If a license expires while an individual is on active military service, the individual may apply to have their license reissued at the renewal fee. The application must be received within six months after completing their active military service. The applicant shall provide evidence of the completion date of active military service.</u>	

## **Amendatory Section:**

### **230-05-035 Individuals License Fees**

Individuals must pay the following fees to us when they apply for gambling licenses, permits, miscellaneous changes:

#### **1. Charitable or Nonprofit Gambling Manager**

<b>License</b>	<b>Fee</b>
Original	\$171
Renewal	\$82
Change of Employer	\$82

#### **2. Linked Bingo Prize Provider Representative**

<b>License</b>	<b>Fee</b>
Original	\$239
Renewal	\$146

#### **3. Commercial Gambling Manager**

<b>License</b>	<b>Fee</b>
Original	\$175
Renewal	\$84
Change of Employer	\$84

#### **4. Distributor's or Gambling Services Supplier's Representative**

<b>License</b>	<b>Fee</b>
Original	\$239
Renewal	\$146

#### **5. Manufacturer's Representative**

<b>License</b>	<b>Fee</b>
Original	\$239
Renewal	\$146

#### **6. Public Card Room Employee**

<b>License</b>	<b>Fee</b>
<b>Class A</b> - Performs Card Room Employee duties in a Class E card room.	
Original	\$175
Renewal	\$84
<b>Class B</b> - Performs Card Room Employee duties in enhanced and house-banked card rooms.	
Original, in-state	\$237
Original, out-of-state	\$295
Renewal	\$146
Transfer/Additional Employee/Conversion/Emergency Waiver Request	\$57

#### **7. Other Fees**

Change Of Name	\$26
Duplicate License	\$26

#### **8. Military Personnel Returning from Service**

If a license expires while an individual is on active military service, the individual may apply to have their license reissued at the renewal fee. The application must be received within six months after completing their active military service. The applicant shall provide evidence of the completion date of active military service.

[Statutory Authority: RCW 9.46.070 (5), (6), (14), and (20).]



# Rule Up For Discussion

Proposed New Rule

WAC 230-12-337

Manufacturers and distributors transporting and displaying gambling devices - Trade shows and conventions.

ITEM 10 (a) on the April 14, 2006, Commission Meeting. Statutory Authority RCW 9.46.070 & RCW 9.46.215(2)(3)
Who proposed the rule change?
Staff.
Proposed Change
This new rule would allow licensed manufacturers and distributors to transport, display and take orders for authorized gambling devices at trade shows and conventions. The target audience of the trade show or convention must be operators of authorized gambling activities.
History of Rule
RCW 9.46.215 states that the possession or transportation of gambling devices is illegal, unless it is in the furtherance of a gambling activity authorized by RCW or Commission rule. The new rule authorizes licensed manufacturers and distributors to transport gambling devices to trade shows and display them to authorized operators.
The new rule would not allow unlicensed manufacturers or distributors to possess or transport gambling devices in Washington state.
<b>Correspondence added to the agenda after the March 2006, Commission meeting</b> (blue paper):
- Letter dated July 12, 2005, from Director Day to Mr. Stebbins, Executive Director of the Washington Indian Gaming Association (WIGA).
- Letter dated March 30, 2006, from Mr. Stebbins, Executive Director of the WIGA, to Chair Ludwig.
Impact of the Proposed Change
Commission staff has received an increased number of inquiries from manufacturers and distributors about whether they can display their gambling devices at trade shows or conventions. The agency has devoted staff resources to respond individually to these inquiries.
The new rule will provide guidance to staff and licensees as to where gambling devices may be transported and possessed. Additionally, the new rule will promote consistency among Commission staff when applying the law to various situations.
Regulatory Concerns
None.
Resource Impacts
Staff receives three to five requests a year to bring devices into the state. It may take three to five staff, three to five hours each to respond to each request. The rule will reduce staff time responding to these requests.
Policy Consideration
This new rule would allow the activity and provide for strict regulation and control.
Stakeholder Statements Supporting the Proposed Rule Change
None.
Stakeholder Statements Opposing the Proposed Rule Change
None.
Licensees Directly Impacted By the Change
Manufacturers, distributors, and operators of gambling devices.
Staff Recommendation
Further discussion.
Proposed Effective Date for Rule Change
July 17, 2006, assuming the rule is adopted at the June 16, 2006, meeting to become effective 31 days from filing.



**New Section:**

**WAC 230-12-337 Manufacturers and distributors transporting and displaying gambling devices - Trade shows and conventions.**

A manufacturer or distributor licensed by the Washington State Gambling Commission to sell gambling devices authorized by state or federal law may transport, display and accept orders for the sale or lease of those devices at trade shows and conventions, under the following restrictions:

- 1) The target audience of the trade show or convention must be operators of authorized gambling activities in Washington State;
- 2) The commission must be notified in writing of the nature, date, and location ten days before the trade show or convention; and
- 3) All gambling devices purchased or leased at the trade show or convention must be delivered to the operator's authorized location.



**PETITION FOR ADOPTION, AMENDMENT, OR REPEAL  
OF A STATE ADMINISTRATIVE RULE (RCW 34.05.330)**

The Office of Financial Management (OFM) has adopted this form for members of the public who wish to petition a state agency to adopt, amend, or repeal an administrative rule (regulation). Full consideration will be given to a petitioner's request.

To obtain this form in an alternate format, call OFM at (360) 902-0555 or TTY (360) 664-9437.

Please complete the following:

PETITIONER'S NAME (PLEASE PRINT) <b>CORY THOMPSON</b>		TELEPHONE NUMBER (INCLUDE AREA CODE) <b>206-351-1384</b>		
STREET ADDRESS <b>5117 OLIVE AVE SE</b>	PO BOX NUMBER	CITY <b>AUBURN</b>	STATE <b>WA</b>	ZIP CODE <b>98092</b>
AGENCY RESPONSIBLE FOR ADMINISTERING THE RULE, IF KNOWN <b>WSGC</b>		If unknown, call (360) 753-7470 for mailing information		

Please submit completed and signed form to the "Rules Coordinator" at the appropriate state agency. The agency will contact you within 60 days.

Check all that apply below and explain on the back of this form with examples. Whenever possible, attach suggested language. You may attach other pages, if needed.

☐ **1. NEW: I am requesting that a new WAC be developed**

I believe a new rule should be developed.

- ☐ The subject of this rule is:
- ☐ The rule will affect the following people:
- ☐ The need for the rule is

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**GAMBLING COMMISSION  
COMM & LEGAL DEPT**

☒ **2. AMEND: I am requesting a change to existing WAC \_\_\_\_\_**

☒ **3. REPEAL: I am requesting existing WAC 230-40-610 (6) be removed.**

I believe this rule should be changed or repealed because (check one or more):

- ☒ It does not do what it was intended to do.
- ☒ It imposes unreasonable costs.
- ☐ It is applied differently to public and private parties.
- ☐ It is not clear.
- ☒ It is no longer needed.
- ☐ It is not authorized. The agency has no authority to make this rule.
- ☒ It conflicts with another federal, state, or local law or rule. Please list number of the conflicting law or rule, if known (**IS IT LEGAL TO CHARGE A REQUIRED FEE FOR SOMETHING THAT THE PAYOR IS INELIGIBLE FOR?**)
- ☐ It duplicates another federal, state, or local law or rule. Please list number of the duplicate law or rule, if known

- ☒ Other (please explain):  
**THIS FORCES THE EMPLOYEE THAT IS, AT TIMES, REQUIRED TO PAY ON THE CLOCK, TO PAY (NOW UP TO \$2 PER HAND!) FOR A JACKPOT THAT THEY ARE INELIGIBLE TO WIN. IT SEEMS UNREASONABLE (ILLEGAL?) TO CHARGE (OVER)**

PETITIONER'S SIGNATURE

**Cory Thompson**

DATE

**2-9-06**

A REQUIRED FEE TO A PERSON FOR SOMETHING THAT THE SAME PERSON CANNOT PARTICIPATE IN. IT WOULD BE THE SAME THING AS CHARGING A RESTAURANT GUEST A SERVICE CHARGE OR GRATUITY AND THEN MAKING THEM INELIGIBLE TO BE WAITED ON.

THE JACKPOT DOLLAR(S) SHOULD EITHER BE RETURNED TO THE INELIGIBLE PLAYER WHEN THEY WIN A POT OR THE PLAYER MUST BE DEEMED ELIGIBLE!

WOULD YOU CHARGE SOMEBODY A COVER CHARGE TO ENTER AN ESTABLISHMENT IF THEY WEREN'T ELIGIBLE TO ENTER?



## Rule Up For Discussion and Possible Filing

Proposed Amendment

WAC 230-40-610

Player-supported jackpots—Restrictions—Manner of conducting—Approval.

ITEM 11 (a) on the April 14, 2006, Commission Meeting Agenda.

Statutory Authority 9.46.070 &  
9.46.0282

### Who proposed the rule change?

Cory Thompson, card room employee.

### Proposed Change

The proposed rule change would prohibit on-duty card room employees from contributing to player-supported jackpots, which they are not eligible to win.

### History of Rule

During the 1996 Legislative Session, player-supported jackpots (PSJ) were authorized for poker games. A PSJ is a separate contest of chance directly related to the play and/or outcome of authorized poker games, but which is not the card game itself. The licensee uses the PSJ prize as a marketing tool to encourage or increase poker play. The licensee removes (rakes) up to two dollars per hand from the winner's pot for deposit into the PSJ prize fund.

Currently, owners, custodians, and on-duty card room employees may participate in card games that offer a PSJ but may not share in the PSJ winnings. This prohibition has been in existence since PSJ's were authorized. Any PSJ winnings an owner or on-duty card room employee may be entitled to under game rules must be divided equally among the other players at the table. Off-duty card room employees may participate in card games that offer a PSJ and may share in the PSJ winnings.

Card rooms often require card room employees to play in poker games while on-duty in order to keep games going when there are not enough players.

### Impact of the Proposed Change

This change would impact all card rooms that offer PSJ prizes. All on-duty card room employees would be exempt from contributing to the PSJ prize funds.

The Petitioner states that employees, at times, are required by licensees to play while on-duty and to contribute (up to two dollars per hand) to PSJ prizes they are ineligible to win. The Petitioner feels that if on-duty card room employees are not eligible to win the PSJ prize, they should not be forced to contribute to the PSJ prize fund.

The house rakes up to two dollars from the poker pot, not from each individual player, and deposits it into the PSJ prize account.

Under the rake method of collecting fees there is currently no process to separate the PSJ fees collected from the on-duty dealer from the fees collected from other poker players. The exact amount contributed by each player varies based on the number of players at the table. For example, if there are ten players at the table and two dollars is raked from the pot, each player has contributed 1/10<sup>th</sup> of the fees collected, or twenty cents each. Requiring employers to track each transaction in order to refund the on-duty employee's correct portion would be cumbersome to monitor and record.

Regulatory Concerns
<p>The Petitioner requests that the PSJ rake be returned to on-duty employees or that they be eligible to win a PSJ. On the surface the Petitioner's request may seem fair and simple. However, it is more complicated than it first appears:</p> <ol style="list-style-type: none"> <li>1) The on-duty card room employee does not contribute the entire amount of the PSJ rake. The amount raked from the pot for the PSJ prize, up to \$2 per pot, is a small part of the total pot and the on-duty card room employee's portion is a small fraction of the PSJ funds collected.</li> <li>2) The Petitioner has not identified a way to track and account for an on-duty card room employee's share of the PSJ rake and staff is not aware of an efficient and cost effective way to do this.</li> <li>3) WAC 230-40-610 (6) was written to protect the integrity of card games and allow players to win PSJs.</li> <li>4) This may be more of an employer/employee decision, rather than a regulatory issue.</li> </ol>
Resource Impacts
<p>Staff currently monitors compliance of card room activity including the fees collected for playing the game and the PSJ funds.</p> <p>New rules with recordkeeping requirements would need to be created to monitor PSJ funds returned to on-duty employees.</p> <p>It would take significant staff time to monitor for compliance.</p>
Policy Consideration
None.
Stakeholder Statements Supporting the Proposed Rule Change
None.
Stakeholder Statements Opposing the Proposed Rule Change
None.
Licensees Directly Impacted By the Change
Card rooms that offer PSJ poker games and card room employees.
Staff Recommendation
Deny the petition.

## **Amendatory Section**

WAC 230-40-610 Player-supported jackpots — Restrictions — Manner of conducting — Approval.

A player-supported jackpot (PSJ) is a separate contest of chance directly related to the play and/or outcome of authorized nonhouse-banked card games but which is not the card game itself. Card rooms with a Class F or house-banked license may establish a prize fund for the purpose of operating a PSJ for nonhouse-banked card games. Any PSJ must be approved in writing by the director or the director's designee prior to play. A PSJ must meet the following requirements:

### **Funding a PSJ.**

(1) A licensee may provide house funds to establish a PSJ. The licensee shall issue a check from the general business account into the PSJ account to start the prize fund. Recouping of start up funds shall be done by issuing a check from the PSJ account to the business general account. Electronic bank transfers shall satisfy this requirement. Start up funds shall not exceed five thousand dollars per PSJ.

### **Using a rake to fund a PSJ.**

(2) A licensee may assess a portion of players' wagers for a jackpot prize. Such amount shall not exceed two dollars per hand or game for each PSJ. This assessment shall be separately collected using the rake method.

PSJ funds are player funds - exception from administrative fee.

(3) The licensee acts only as the custodian of the PSJ funds, including any interest earned on this money, and maintains no legal right to the funds. All PSJ funds shall be awarded as prizes, based upon a format approved by commission staff. An administrative fee not to exceed ten percent of the amount collected for a PSJ may be imposed by the licensee. This administrative fee includes all expenses incurred by the licensee, including banking fees. No other expenses beyond the ten percent administrative fee shall be deducted from the PSJ account.

### **Prize fund custodian.**

(4) Each licensee shall designate at least one "prize fund custodian" who shall be responsible for safeguarding and disbursing funds to winners. A prize fund custodian may be an owner, partner, officer, or licensed individual designated by a card room owner, partner, or officer. The custodian shall have signature authority for prize fund bank accounts and ensure accountability of all funds collected for use in a PSJ. The licensee shall meet the deposit requirements of [WAC 230-40-608](#).

#### Payout of prizes.

(5) Prize amounts paid in cash shall not exceed two thousand five hundred dollars. Prize amounts not awarded in cash shall be paid within twenty-four hours, by check, the type which provides a duplicate copy. A record of all prizes paid shall be maintained in the format prescribed by commission staff and shall include:

(a) For prizes less than one hundred dollars, a system of accounting denoting each individual prize may be utilized.

(b) For prizes one hundred dollars and above, the following information shall be recorded on a prize record:

- (i) Full printed name;
- (ii) Date of birth;
- (iii) Street address;
- (iv) Type of identification reviewed;
- (v) Amount of the prize awarded;
- (vi) Description of the winning hand;
- (vii) Time and date awarded; and
- (viii) The supervisor's and dealer's initials.

(c) When awarding a prize of five hundred dollars or more, the dealer must, in view of the surveillance camera, display the value and suit of each card in the winning hand, and the remaining cards in the deck must be counted and put in numerical order by suit to confirm a complete deck. The hand shall be collected and sealed with the prize record. The winning hand and remaining deck shall be maintained on the premises as part of daily card room records for a period of seven days, unless released by a commission agent.

#### Owners and employees competing for a PSJ.

(6) Owners, custodians and on-duty card room employees may participate in card games that offer a PSJ, but may **not contribute to or** not share in the winnings of any prize awarded. Any prize winnings an owner or on-duty employee may be entitled to under game rules, must be divided equally among the other players at the table: Provided, That off-duty employees may participate in card games that offer a PSJ and share in the prize winnings.

#### Owners and employees showing cards.

(7) Owners and on-duty card room employees must turn their cards face up at the end of each game so they may be observed by other players at the table and surveillance if:

- (a) Playing in a game with a PSJ;
- (b) The prize is not based upon a predetermined hand; and
- (c) There is a qualifying hand at the end of a game (such as a "bad beat" hand).

#### House dealer required.

(8) All card games offering a PSJ must utilize a house dealer.

#### Security requirements.

(9) Each gaming table offering a PSJ shall be required to install a closed circuit television system as outlined in WAC 230-40-625: Provided, That licensees operating any house-banked card games shall follow the security requirements set forth in WAC 230-40-825 for all tables in the card room, including those offering a PSJ.

#### Removing a PSJ from play.

(10) The following procedures shall be followed for all discontinued player-supported jackpots:

##### *Discontinued.*

(a) In the event a licensee elects to discontinue a PSJ, the balance, less any nonrecouped seed money, shall be distributed to players within sixty days of discontinuance by offering an approved promotion or card tournament of the same game under which the PSJ was originally accrued.

##### *Closure of business.*

(b) In the event a licensee ceases to operate a card room, or fails to maintain a valid card room license, all funds associated with the PSJ shall be distributed to the Washington state council on problem gambling.

##### *Posting rules.*

(c) The licensee shall conspicuously post a sign stating how PSJ money will be distributed in the event the PSJ is discontinued or the business closes. The sign must be posted at the inception of the PSJ.

#### House rules.

(11) House rules, to include administrative fees shall be posted in a location readily visible by all players and disclose the conditions under which prizes may be won, the prize amount, cost to participate, and any other conditions which may affect the outcome of the game.

#### Dispute resolution.

(12) If a dispute arises involving the outcome of a PSJ, the licensee shall preserve the video recording, the winning hand and remaining deck, and all records for the game where the dispute occurred and shall notify commission staff within twenty-four hours. The licensee shall document all information pertaining to the dispute including:

(a) The names, addresses, and phone numbers of all players, card room staff, and any



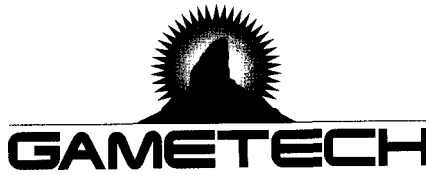
witnesses involved;

(b) Amount of the advertised PSJ; and

(c) A full description of the circumstances surrounding the dispute.

(13) All disputes involving a PSJ will be investigated by commission staff, with a report submitted to the director. A written decision will be issued by the director, or the director's designee, and such decision shall be final.

(14) During the course of dispute resolution, the commission may become the temporary custodian of any and all prize funds. The PSJ will be suspended until the dispute is resolved.



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GAMBLING COMMISSION  
COMM & LEGAL DEPT

February 7, 2006

Ms. Susan Arland  
Washington State Gambling Commission  
4565 7<sup>th</sup> Avenue SE  
4<sup>th</sup> Floor  
Lacey, WA 98503

**Re: GameTech International, Inc. ("GameTech") - Petition to Amend State Administrative Rule**

Dear Ms. Arland:

Pursuant to your conversations with Keith Larkin, attached is the completed Petition to Amend State Administrative Rule form. This shall serve as GameTech's formal request for rule change.

Please contact Keith Larkin at 775/850-6129, with any questions or if anything further is required.

Sincerely,

Nina McIntosh  
Compliance Analyst

Enclosures



PETITION FOR ADOPTION, AMENDMENT, OR REPEAL  
OF A STATE ADMINISTRATIVE RULE (RCW 34.05.330)

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FEB 09 2006

GAMBLING COMMISSION  
COMM & LEGAL DEPT

The Office of Financial Management (OFM) has adopted this form for members of the public who wish to petition a state agency to adopt, amend, or repeal an administrative rule (regulation). Full consideration will be given to a petitioner's request.

To obtain this form in an alternate format, call OFM at (360) 902-0555 or TTY (360) 664-9437.

Please complete the following:

PETITIONER'S NAME (PLEASE PRINT) <b>GameTech International, Inc</b>		TELEPHONE NUMBER (INCLUDE AREA CODE) <b>775/850-0123</b>		
STREET ADDRESS <b>900 Sandhill Rd.</b>	PO BOX NUMBER	CITY <b>RENO</b>	STATE <b>NV</b>	ZIP CODE <b>89521</b>
AGENCY RESPONSIBLE FOR ADMINISTERING THE RULE, IF KNOWN <b>WA state Gambling Commission</b>		If unknown, call (360) 753-7470 for mailing information		

Please submit completed and signed form to the "Rules Coordinator" at the appropriate state agency. The agency will contact you within 60 days.

Check all that apply below and explain on the back of this form with examples. Whenever possible, attach suggested language. You may attach other pages, if needed.

☐ 1. NEW: I am requesting that a new WAC be developed

I believe a new rule should be developed.

- ☐ The subject of this rule is:
- ☐ The rule will affect the following people:
- ☐ The need for the rule is

☒ 2. AMEND: I am requesting a change to existing WAC **230-12-340 - see attached explanation**

☐ 3. REPEAL: I am requesting existing WAC be removed.

I believe this rule should be changed or repealed because (check one or more):

- ☐ It does not do what it was intended to do.
- ☐ It imposes unreasonable costs.
- ☐ It is applied differently to public and private parties.
- ☐ It is not clear.
- ☐ It is no longer needed.
- ☐ It is not authorized. The agency has no authority to make this rule.
- ☐ It conflicts with another federal, state, or local law or rule. Please list number of the conflicting law or rule, if known
- ☐ It duplicates another federal, state, or local law or rule. Please list number of the duplicate law or rule, if known
- ☒ Other (please explain): **see attached**

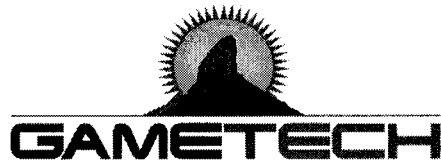
PETITIONER'S SIGNATURE

*[Signature]*

DATE

**1-30-06**

FEB 09 2006

GAMBLING COMMISSION  
COMM & LEGAL DEPT

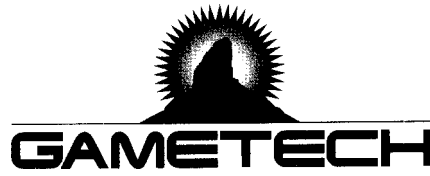
### **Justification for Rule Change**

During our dialogue with the Gambling Commission, the following regulatory sections were cited as possible reasons why the requested rule change may not be made:

1. RCW 9.46.120(1) states, in part, that "...No part of the proceeds of the [gambling] activity shall inure to the benefit of any person other than the organization conducting such gambling activities..." [emphasis added]
  - However, "proceeds" is a defined term under WAC 230-02-108, as "...all monies remaining from the operation of any gambling activity after payment of prizes and necessary expenses." [emphasis added]
  - The ability to charge charitable bingo operators on a per-card sold basis does not in any way entitle a person to the "proceeds" from the operation, as defined. Rather, it is consistent with what is currently authorized, which is the ability for the charitable bingo operators to pay their "necessary expenses".
  - WAC 230-02-108 continues with subsection (1), stating that "Expenses are deemed to be necessary when they are required to operate an activity... or they improve the overall profitability of the activity by increasing gross gambling receipts more than the corresponding increase in expenses."
  - The ability to charge a charitable bingo operator based on per-cards sold seems to be the ultimate rationale in satisfying the improvement in profitability criterion, because the charity would never owe anything if nothing is sold (improvement in profitability assumes, of course, that the charity operator would have a long-term selling price greater than its cost bingo cards, but that is a management decision).
  - Although not entirely on-point, RCW 9.46.120(2) seems to also provide a glimpse into what is truly trying to be prohibited: pricing models based on a percentage of gross receipts or the profits derived from charitable gambling activities.

2/7/2006

2. WAC 230-02-300(6) states that evidence of a substantial interest holder includes, "Directly or indirectly receiving a salary, commission, royalties or *other form of compensation from the gambling activity* in which an entity is or seeks to be engaged." *[emphasis added]*
  - If the broad reading of this subsection was really intended to prohibit charging charitable bingo operators from paying for its bingo cards on a per-card sold basis, then why would it not also apply to any form of expense? The receipt of payment for any gambling equipment could be construed as receiving a form of compensation from the gambling activity, which would contradict the ability to pay for necessary expenses.



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GAMBLING COMMISSION  
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February 17, 2006

Ms. Susan Arland  
Washington State Gambling Commission  
4565 7<sup>th</sup> Avenue SE  
4<sup>th</sup> Floor  
Lacey, WA 98503

**Re: GameTech International, Inc. ("GameTech") - Petition to Amend State Administrative Rule**

Dear Ms. Arland:

Please amend GameTech's original submission dated February 7, 2006, to also include an amendment to WAC 230-20-244 (2)(g). A strike through version of the suggested amendment is attached.

Additionally, it was discovered that we had failed to include the strike through version of WAC 230-12-340 (3) from the original submission package; therefore, please see the attached proposal.

Please contact Keith Larkin at 775/850-6129, with any questions or if anything further is required.

Sincerely,

Nina McIntosh  
Compliance Analyst

Enclosures

GameTech requests that WAC 230-20-244 (2)(g), be amended to read as follows

**Leasing by an operator**

If the electronic daubers are leased to an operator, the lease cannot be based in whole or part on the amount of ~~bingo card sales or~~ of rental income derived from such devices;

GameTech requests that WAC 230-12-340, subsection 3, be amended to read as follows:

"Manufacturers and distributors may only base fee structures for electronic bingo equipment on the number of times a device is used, the number of bingo cards sold to a device or the number of bingo sessions in which devices are used. Fees must not be determined by a percentage of sales, ~~the number of bingo cards sold through the device,~~ or the average amount a player spends on a device."





# Rules Up For Discussion and Possible Filing

## Proposed Amendments to

**WAC 230-12-340** Sale of gambling equipment, devices, supplies, paraphernalia, and related services—Authorized transactions.

**WAC 230-20-244** Electronic bingo card daubers—Definition—Operating restrictions—Standards.

ITEM 12 (a) on the April 14, 2006 Commission Meeting Agenda.	Statutory Authority 9.46.120
Who proposed the rule change?	
GameTech International, Inc., a licensed manufacturer of electronic bingo daubers.	
Proposed Change	
The Petitioner is requesting that manufacturers and distributors be allowed to lease electronic bingo daubers based on the number of bingo cards sold to a device.	
History of Rule	
<p>On October 10, 2005, language was added to WAC 230-12-340 limiting electronic bingo daubers to be leased based on the number of times a device is used or the number of bingo sessions in which devices are used. Fees cannot be charged based on a percentage of sales, the number of bingo cards sold through the device or the average amount a player spends on a device. This change was made to place restrictions listed in WAC 230-20-244(2)(g) in with all the other sales and lease restrictions.</p> <p>RCW 9.46.120 states in part that “No part of the proceeds of the activity shall inure to the benefit of any person other than the organization conducting such gambling activities or if such gambling activities be for the charitable benefit of any specific persons designated in the application for a license, then only for such specific persons as so designated.”</p> <p>Allowing electronic bingo daubers to be leased on a per-card fee is equivalent to allowing them to determine the fee based on the percentage of gross receipts.</p>	
Impact of the Proposed Change	
<p>The Petitioner justifies the proposal in (1) through (6) below:</p> <ol style="list-style-type: none"> <li>1) They would benefit by having more leasing arrangements available to offer their customers.</li> <li>2) RCW 9.46.120(1) states in part that no part of the proceeds of the gambling activity shall inure to the benefit of any person other than the organization conducting the gambling activity.</li> <li>3) WAC 230-02-108 defines proceeds as all monies remaining from the operation of any gambling activity after payment of prizes and necessary expenses.</li> <li>4) The ability to charge operators on a per-card sold basis does not in any way entitle a person to the proceeds from the operation.</li> <li>5) WAC 230-02-108 states that expenses are deemed to be necessary when they are required to operate an activity or they improve the overall profitability of the activity by increasing gross gambling receipts more than the corresponding increase in expenses.</li> <li>6) The ability to charge an operator based on per-cards sold is the ultimate rationale in satisfying the improvement in profitability criterion, because the operator would never owe anything if nothing is sold.</li> </ol> <p>Currently, manufacturers and distributors must base fees on the number of times an electronic bingo dauber is used, or the number of sessions it is used at. Bingo operators are not billed if the electronic bingo dauber is not used.</p> <p>This rule change would directly connect billings for electronic bingo daubers to sales of bingo cards.</p>	

<b>Regulatory Concerns</b>
There will be a minimal impact on our regulatory programs if this petition is passed.
<b>Resource Impacts</b>
Staff currently monitors compliance with this rule in one step of a compliance module that takes only a few minutes to complete approximately once a year for bingo licensees with electronic bingo daubers. The change will have little effect on our regulatory program.
<b>Policy Consideration</b>
This is a significant departure from the Commission's application of RCW 9.46.120, which has not allowed billings to be based on a percentage of sales.
The Petitioner has not provided information necessary to determine if this change would increase the overall profitability of the gambling activity and comports with WAC 230-02-108 which states "expenses are deemed to be necessary when .....they improve the overall profitability of the activity by increasing gross gambling receipts more than the corresponding increase in expenses."
<b>Stakeholder Statements Supporting the Proposed Rule Change</b>
None.
<b>Stakeholder Statements Opposing the Proposed Rule Change</b>
None.
<b>Licensees Directly Impacted By the Change</b>
Manufacturers, distributors, and operators of electronic bingo daubers.
<b>Staff Recommendation</b>
File for further discussion.
<b>Proposed Effective Date for Rule Change</b>
The Petitioner requests the change become effective 31 days from filing.

## **Amendatory Section:**

### **WAC 230-12-340 Sale of gambling equipment, devices, supplies, paraphernalia, and related services — Authorized transactions.**

Manufacturers and distributors must not offer credit to operators in the sale of gambling equipment, devices, related supplies or paraphernalia, and services. Manufacturers and distributors must conduct all sales of such to operators on a cash basis. "**Cash basis**" means full payment is received by the seller on or before actual delivery of the product or service to the purchaser.

#### **Capital leases.**

(1) All licensed manufacturers and distributors may sell gambling equipment such as dispensers, bingo blowers, roulette wheels, etc., and gambling-related support equipment through capital lease agreements or other financing arrangements to operators subject to the following conditions and requirements:

- (a) The cost of a single item, or group of similar and related items included in the sale, exceeds one thousand dollars;
- (b) The term of the contract does not exceed forty-eight months;
- (c) All terms of the contract are in writing and copies of such agreements are provided to the commission within thirty days of execution;
- (d) The manufacturer or distributor retains only a security interest in the item sold and cannot obtain any ownership interest in the licensee, or exercise any control over the use of the item in the licensed activity;
- (e) The amount of payments is not based on the size or level of gambling activity and is determined by use of a standard amortization schedule for the term and stated interest rate;
- (f) The interest rate charged by the contract is set at the time of sale and does not vary during the term of the contract; and
- (g) The contract does not require the purchaser to directly or indirectly purchase any other products or services from the seller.

#### **Rental or license agreements.**

(2) Except for punch boards, pull-tabs, bingo paper, bingo supplies, playing cards, and other consumable gambling-related equipment or devices, manufacturers and distributors may lease or rent gambling equipment to operators. Manufacturers may also enter into license agreements with operators for use of the manufacturer's patented, copyrighted, or trademarked games.

(3) Manufacturers and distributors may only base fee structures for electronic bingo equipment on the number of times a device is used, **the number of bingo cards sold to a device** or the number of bingo sessions in which devices are used. Fees must not be determined by a percentage of sales, ~~((the number of bingo cards sold through the device,))~~ or the average amount a player spends on a device.

**Check or credit card purchases.**

(4) Operators may purchase goods and services from manufacturers or distributors when paid for by checks, or credit card issued by a state and/or federally regulated financial institution that meet the requirements of WAC 230-12-350.

**Exceptions.**

(5) All transactions between manufacturers or distributors and tribal governments or companies certified to manage class III gambling activities operated under a tribal/state compact are exempt from all provisions of this section;

(6) Charitable or nonprofit organizations licensed to conduct bingo may purchase bingo cards and bingo supplies from distributors and/or manufacturers and receive such without making immediate payment if payment is made, by check or cash, no later than thirty days after delivery of the product.

## **Amendatory Section:**

### **WAC 230-20-244 Electronic bingo card daubers — Definition — Operating restrictions — Standards**

The commission deems that any device, apparatus, or scheme that allows a player in any gambling activity a material advantage over other players is against public policy and restriction of such is in the public's interest. Electronic bingo card marking devices or daubers are deemed to provide a player a material advantage unless operated in accordance with subsection (2) of this section. For purposes of this title, the following definitions, restrictions, and standards apply to such devices:

#### **Definition.**

(1) Electronic bingo card daubers are defined as electronic appliances used by players to identify bingo cards that contain numbers or symbols input by a player. These devices electronically store preprinted bingo cards purchased by a player, provide a means for players to input numbers or symbols called by the operator, compare the numbers or symbols input by the player to bingo cards previously stored in an electronic data base, and identify to the player those stored bingo cards that contain the numbers or symbols input by the player: Provided, That player-owned devices, which are not directly interfaced with or connected to equipment used to conduct bingo games or the electronic data base in which electronically generated bingo cards are stored in any manner, are not "electronic bingo card daubers" for purposes of this title;

#### **Operating restrictions.**

(2) Electronic bingo card daubers will not be deemed to provide players a material advantage and may be used by players in bingo games when operated in the following manner:

#### **Player responsibilities.**

- (a) The player must perform at least the following functions:
  - (i) Input each number or symbol called by the operator into the memory of the dauber unit by use of a separate input function for each number symbol. Automatic or global marking of numbers or symbols is prohibited;
  - (ii) Notify the operator when a winning pattern or "bingo" occurs by means that do not utilize the dauber unit or the associated system; and
  - (iii) Identify the winning card and display the card to the operator;

#### **Maximum number of cards to be played during each game.**

- (b) Each electronic dauber unit shall not allow a player to play more than sixty-six cards at one time.
- (c) Each player shall not use more than one electronic dauber at any point in time. Provided, That a player can play an unlimited amount of disposable or hard bingo cards in addition to using one electronic dauber unit.

#### **Reserving electronic bingo card daubers.**

(d) Operators shall not reserve electronic daubers for any player. An operator must devise and disclose to players a scheme for assignment of dauber units to players during each session. Such schemes shall allow all players an equal opportunity to utilize the available dauber units. If a drawing is used to assign dauber units to players, the operator shall ensure that each player

participating in the drawing has an equal chance to win: Provided, That operators that offer electronic dauber units shall reserve at least one device for players with disabilities that would restrict their ability to mark cards and such disabilities are consistent with definitions set forth in the Americans with Disabilities Act (ADA). If there are no requests for use of this unit prior to fifteen minutes before the scheduled start of the session, it may be made available for use by any players;

### **Fees.**

(e) If operators charge players a fee for use of the electronic daubers, such fees must be a flat fee and shall not be based on the number or dollar value of cards purchased. Rental fees shall be considered bingo receipts for purposes of WAC 230-12-020: Provided, That players with disabilities that would restrict their ability to mark cards and such disabilities are consistent with the ADA shall not be required to pay a rental fee or to comply with minimum purchase requirements imposed on all players utilizing electronic daubers. Such players are required to comply with any minimum purchase requirement imposed on all players by an operator;

### **Card requirements.**

(f) Each player utilizing an electronic dauber must have in their possession cards that meet all requirements of WAC 230-20-240 and 230-20-106. Electronic images of cards or faces stored in such devices are for player convenience only and are not bingo cards for purposes of this title;

### **Leasing by an operator.**

(g) If the electronic daubers are leased to an operator, the lease cannot be based in whole or part on the amount of ((bingo card sales or)) rental income derived from such devices; and

### **Discounts and marketing schemes.**

(h) The use of electronic daubers is prohibited when a licensee utilizes any marketing scheme for cards that results in a decrease in the per unit price of each card as the number of cards purchased increases: Provided, That a single discount level is authorized for each type of card sold if:

- (i) The licensee has a minimum purchase requirement;
- (ii) The discount applies to all additional cards purchased; and
- (iii) "All you can play" schemes are prohibited;

### **Standards.**

(3) Electronic bingo card daubers must meet the following standards:

- (a) Be manufactured by licensed manufacturers;
- (b) Be sold, leased, and serviced by licensed distributors or manufacturers: Provided, That operators may perform routine maintenance on devices under their control;
- (c) Not be capable of accessing the electronic computer system in any manner that would allow modification of the program which operates and controls the dauber units or the cards stored in the electronic data base; and
- (d) Be capable of complying with applicable requirements of WAC 230-20-106.



# Rule Up For Discussion and Possible Filing

Proposed Repealer of

**WAC 230-12-350**

Use of checks and credit cards to purchase gambling equipment, products, and services—Restrictions.

ITEM 13 (a) on the April 14, 2006, Commission Meeting Agenda.	Statutory Authority 9.46.070
Who proposed the rule change?	
Staff, on behalf of the Recreational Gaming Association.	
Proposed Change	
<p>This proposed repealer will remove restrictions on operators' use of checks and credit cards to purchase gambling equipment, products, and services.</p> <p>It will apply the same rules relating to the purchase of equipment using checks and credit cards now in place between manufacturers and distributors to operators.</p>	
History of Rule	
<p>The current rule puts restrictions such as limiting the type of account a check or credit card from an operator may be drawn on and requiring all checks to be deposited within ten days of service or receipt of product.</p> <p>This repealer will remove all restrictions on checks and credit cards for operators when purchasing gambling equipment, products, and services.</p>	
Impact of the Proposed Change	
<p>Operators will now be able to purchase equipment, services and supplies on credit, by using a credit card or writing a check.</p> <p>This change will consistently apply the rules relating to the purchase of equipment on credit and allow it for commercial operators. It will be the distributors' responsibility to determine whether to allow a licensed operator to write a check to them or use a credit card.</p>	
Regulatory Concerns	
None.	
Resource Impacts	
None.	
Policy Consideration	
None.	
Stakeholder Statements Supporting the Proposed Rule Change	
None.	
Stakeholder Statements Opposing the Proposed Rule Change	
None.	
Licensees Directly Impacted By the Change	
Manufacturers, distributors and operators.	
Staff Recommendation	
File for further discussion.	
Proposed Effective Date for Rule Change	
31 days from filing.	

## REPEALED SECTION:

### **~~((WAC 230-12-340 Sale of gambling equipment, devices, supplies, paraphernalia, and related services—Authorized transactions.—~~**

~~Manufacturers and distributors must not offer credit to operators in the sale of gambling equipment, devices, related supplies or paraphernalia, and services. Manufacturers and distributors must conduct all sales of such to operators on a cash basis. "Cash basis" means full payment is received by the seller on or before actual delivery of the product or service to the purchaser.~~

#### ~~Capital leases.~~

- ~~—(1) All licensed manufacturers and distributors may sell gambling equipment such as dispensers, bingo blowers, roulette wheels, etc., and gambling related support equipment through capital lease agreements or other financing arrangements to operators subject to the following conditions and requirements:~~
- ~~—(a) The cost of a single item, or group of similar and related items included in the sale, exceeds one thousand dollars;~~
- ~~—(b) The term of the contract does not exceed forty eight months;~~
- ~~—(c) All terms of the contract are in writing and copies of such agreements are provided to the commission within thirty days of execution;~~
- ~~—(d) The manufacturer or distributor retains only a security interest in the item sold and cannot obtain any ownership interest in the licensee, or exercise any control over the use of the item in the licensed activity;~~
- ~~—(e) The amount of payments is not based on the size or level of gambling activity and is determined by use of a standard amortization schedule for the term and stated interest rate;~~
- ~~—(f) The interest rate charged by the contract is set at the time of sale and does not vary during the term of the contract; and~~
- ~~—(g) The contract does not require the purchaser to directly or indirectly purchase any other products or services from the seller.~~

#### ~~Rental or license agreements.~~

- ~~—(2) Except for punch boards, pull tabs, bingo paper, bingo supplies, playing cards, and other consumable gambling related equipment or devices, manufacturers and distributors may lease or rent gambling equipment to operators. Manufacturers may also enter into license agreements with operators for use of the manufacturer's patented, copyrighted, or trademarked games.~~
- ~~—(3) Manufacturers and distributors may only base fee structures for electronic bingo equipment on the number of times a device is used or the number of bingo sessions in which devices are used. Fees must not be determined by a percentage of sales, the number of bingo cards sold through the device, or the average amount a player spends on a device.~~

#### ~~Check or credit card purchases.~~

- ~~—(4) Operators may purchase goods and services from manufacturers or distributors when paid for by checks, or credit card issued by a state and/or federally regulated financial institution that meet the requirements of WAC 230-12-350.~~

#### ~~Exceptions.~~

- ~~—(5) All transactions between manufacturers or distributors and tribal governments or companies certified to manage class III gambling activities operated under a tribal/state compact are exempt from all provisions of this section;~~
- ~~—(6) Charitable or nonprofit organizations licensed to conduct bingo may purchase bingo cards and bingo supplies from distributors and/or manufacturers and receive such without making immediate payment if payment is made, by check or cash, no later than thirty days after delivery of the product.))~~



## **REPEALED SECTION:**

### **~~((WAC 230-12-350 Use of checks and credit cards to purchase gambling equipment, products, and services—Restrictions.—~~**

~~Checks and credit cards may be used by licensed operators and distributors to purchase gambling equipment, devices, related supplies or paraphernalia, and services in lieu of cash under the following conditions:~~

- ~~—(1) Checks and credit cards must be drawn on the licensee's business account: Provided, That personal checks and credit cards drawn on the account of an owner, partner, or officer or substantial interest holder of a corporate licensee may be accepted.~~
- ~~—(2) Checks received by distributors from operators must be negotiable and dated on or before the delivery date of the product or service. Checks shall not be postdated.~~
- ~~—(3) Checks shall not be held and must be presented for payment at the manufacturer's or distributor's bank within the prescribed time frames. Failure to present checks within the prescribed time period shall be prima facie evidence of extension of credit to the drawer licensee by the manufacturer or distributor. Prescribed time frames are as follows:~~
  - ~~—(a) Checks received from operators shall be deposited within ten calendar days after the date the product or service was delivered; and~~
  - ~~—(b) Checks received from distributors shall be deposited within ten days of the date received or, if delivered by mail, thirteen days from the postmark of the envelope containing the payment.))~~